

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION**  
**OF SOUTH CAROLINA**  
**DOCKET NO. 2018-2-E**

IN RE:	Annual Review of Base Rates for	)	<b>ORS ANSWER TO THE SOUTH</b>
	Fuel Costs for South Carolina	)	<b>CAROLINA SOLAR BUSINESS</b>
	Electric & Gas Company	)	<b>ALLIANCE</b>
		)	<b>MOTION TO BIFURCATE</b>
		)	<b>ISSUES</b>

The South Carolina Office of Regulatory Staff (“ORS”) respectfully submits this Answer pursuant to S.C. Code Ann. Regs. 103-826 (2012) to the South Carolina Solar Business Alliance (“SBA”) Motion to Bifurcate the issues of South Carolina Electric & Gas Company’s (“SCE&G” or the “Company”) PR-2 Rate update and SCE&G’s request to change the avoided cost methodology, filed on March 23, 2018. ORS respectfully requests this Public Service Commission of South Carolina (“Commission”) deny SBA’s Motion in part and grant it in part.

The Commission should deny SBA’s Motion to bifurcate the Company’s PR-2 Rate update from this fuel proceeding. Through its testimony, and as further explained by ORS witness Horii, ORS recommends that the Commission adopt a PR-2 capacity value set at 19.5% of the avoided cost of per kW from a 100 MW change to SCE&G’s base resource plan that excludes any non-committed future resources and reflects any planned plant retirements of firm capacity in Commission Docket No. 2018-2-E. In adopting the position put forth by ORS, the Commission should deny SBA’s request to bifurcate the PR-2 Rate update from this fuel proceeding.

The Public Service Commission of South Carolina (“Commission”) should grant SBA’s Motion to bifurcate SCE&G’s request to change its avoided cost methodology from this fuel proceeding. As indicated in ORS witness Horii’s direct testimony, SCE&G proposed a substantial

change in the methodology, thereby producing what may be an artificially low avoided capacity valuation.<sup>1</sup> This change directly impacts the avoided cost valuation. A greater duration of time in which to discuss and study this complex issue would allow the parties the opportunity to analyze the issues and develop the most prudent way forward. Therefore, ORS recommends the Commission grant SBA's request that SCE&G's request to change the avoided cost methodology be bifurcated from the fuel proceeding.

For the above reasons, ORS respectfully requests that this Commission deny SBA's Motion in part and grant it in part.




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Andrew M. Bateman, Esquire  
 Jenny R. Pittman, Esquire  
 SOUTH CAROLINA  
 OFFICE OF REGULATORY STAFF  
 1401 Main Street, Suite 900  
 Columbia, South Carolina 29201  
 Phone: (803) 737-8440  
 (803) 737-0794  
 Fax: (803) 737-0895  
 E-mail: [abateman@regstaff.sc.gov](mailto:abateman@regstaff.sc.gov)  
[jpittman@regstaff.sc.gov](mailto:jpittman@regstaff.sc.gov)

April 2, 2018  
 Columbia, South Carolina

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<sup>1</sup> See Direct Testimony of Brian Horii, filed with the Commission on March 23, 2018, in Docket No. 2018-2-E, p. 21, ll. 3-12.